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ABSTRACT

Although federal aid is not a large portion of school funding, it has a large effect on schools. Federal education aid flows mainly to poor states, central cities, and rural areas. Where states exercise discretion in allocating federal aid, distribution follows the general distribution pattern of the basic state aid formula. If a state has an equalizing formula, federal aid distribution can enhance state school finance equity. While state aid is based on variations in property wealth, federal aid compensates for variations in family income. Consistency of federal and state aid distribution policies requires better measures to assess the wealth of individual school districts. Federal interest in promoting and sustaining school finance reform peaked with the Rodriguez decision. Yet the movement to provide intrastate school finance equalization will continue to stimulate national debate for many years. This is because there are still major intrastate inequities and because federal equalization aid could help fund finance reforms in both rich and poor states. Finally, a program of general federal aid would mean that the federal government would no longer provide programs that later become a major local or state burden and strain a state's ability to fund its own finance reform programs. (Author/JM)

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FEDERAL AID AND STATE SCHOOL FINANCE: PRESENT PATTERNS AND FUTURE ALTERNATIVES

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The Education Policy Research Institute (EPRI) is a new research division of the Educational Testing Service. It was founded on January 1, 1975 by Joel S. Berke with his colleagues from the Washington offices of the Educational Finance and Governance Center of Syracuse University Research Corporation. Since then, new staff members have been added in both the Washington and Princeton offices.

The Institute addresses policy issues central to educational finance and governance such as equity in resource allocation, uses of educational assessment, and effectiveness of alternative educational strategies. These problems are approached from an interdisciplinary perspective: educational, administrative, sociological, political, economic, legal, and anthropological.

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Joel S. Berke, Director

FEDERAL AID AND STATE SCHOOL FINANCE:
PRESENT PATTERNS AND FUTURE ALTERNATIVES

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INTRODUCTION

The reform of systems for raising and distributing educational revenues has recently become a priority issue for states in all sections of the country. Many state legislators and their aides, executive branch officials, social scientists, and others concerned with domestic policy have become aware of the denial of educational opportunity implicit in traditional state school finance laws. The available remedies to provide greater equalization of tax capacity and a better match between educational needs and resources are becoming increasingly familiar as well. What is not widely understood, however, is the role of federal programs of educational aid in American school finance, a role which is not filled by state or local agencies and which addresses major educational needs. For those concerned with reform of state school finance systems, an understanding of the dimensions and purposes of federal aid is necessary for two reasons: first, federal aid serves purposes not generally met by school finance reform but which are vital to an effective system of education; and second, federal aid is beginning to be used as a stimulus to reform of state school finance systems in a variety of ways.

Misapprehensions About Federal Aid

Unfortunately, two misapprehensions widely shared by those who develop, pass, and implement state education policies tend to dampen state interest in federal aid: (1) federal aid provides too small a proportion of public school funding to warrant much attention; (2) federal aid is controlled by the federal government, thus it is not really a state and local concern. While each of these positions has some surface plausibility, neither can withstand careful examination.

While the overall contribution of federal funds for the support of public elementary and secondary education may constitute only seven or eight percent of total public school spending, the state of Mississippi in recent years receives about 25 percent of its school revenues from the federal government and another half dozen states get better than 15 percent of their school revenues from federal programs. For many school districts, federal aid is even more important: city districts as varied as Colorado Springs; Albany, New York; San Antonio, Texas; and Norfolk, Virginia receive between 25 and 30 percent of their instructional expenses for elementary and secondary schools from federal aid.

That the volume of federal aid is not too small to merit the interest of state education policymakers can be seen in two other effects as well: better than half of most state education department personnel are supported by federal funds, either through Title V of ESEA or through the percentage of funds from each federal program intended for state administrative purposes. Furthermore, in certain areas of federal interest, federal aid provides the predominant funding and influence. And in such areas, federal aid can have substantial impact:

> it is clear that the emerging role of the federal government through the Office of Education is an external force promoting the greatest changes in the large city school districts that have been witnessed in the course of their history. . . .Compensatory education was virtually nonexistent prior to federal aid. The proliferation of experimental programs can be traced directly to the influence of federal aid policies.[1]

In short, while the federal government may provide less money for public schools than state or local governments, federal funds provide strategically important funding that has a far larger effect than its aggregate proportion of school funding would suggest.

The second misapprehension about federal aid--that it is federally controlled and leaves little room for state policy direction--also fails to survive close investigation. Those who have studied the question have come to quite a different conclusion. David Porter and his colleagues, after examination of the resource allocation practices of local school districts wrote,

> The main finding of our research on federal aid is that factors other than the federal regulations and formulas have a greater impact on the patterns of resource allocation used by recipient agencies [emphasis in original]. . .Federal allocators can have only very limited control over the final disposition of their funds. . .The ambiguity of the goals, the unsophisticated technologies, the number and characteristics of its income sources, strategies such as multi-pocket budgeting or marginal mobilizing, professionalism and the vested interests of school staffs are the primary groups of factors influencing patterns of [resource] mobilization in local school districts. Most of these factors are not easily regulated or controlled.[2]

A three year study which investigated both the distributional patterns of federal aid and the political and administrative factors which caused those patterns in six states noted:

> . . .the immense areas for state discretion that exist in the allocation of most federal programs. This discretion is partly a result of statutory language that permits state development of distributional formulas and procedures, and partly the result of a lack of enthusiasm that USOE administrators have for enforcing or policing aid programs.[3]

While such discretion has sometimes permitted the maintenance of traditional state practices which conflict with federal objectives, the ability of states to funnel federal aid to serve their own objectives makes federal aid policy an important state finance policy arena. Focusing federal funds on reform purposes integrated with or supplemental to state legislation could substantially increase the power of state finance systems to meet educational and legislative objectives. In any event, a substantial proportion of federal aid policy is amenable to state discretionary influence.

HISTORY AND PURPOSES OF FEDERAL AID TO EDUCATION

Justification for a Federal Role in Education

What is the justification for Federal involvement in what is traditionally a local and state concern? First, there are some problems that, while nationally induced, affect only a relatively small number of school districts. A number of Federal programs, such as P.L. 874 (Impact Aid) are designed to relieve individual states and school districts of these educational costs. Second, some national goals may not be perceived, shared or given sufficient priority by states and school districts. Notable in this regard has been the goal of equality of educational opportunity through Headstart, the Elementary and Secondary Education Act (ESEA), the Elementary School Assistance Act (ESAA), and the Elementary School Assistance Program (ESAP). Third, needed activities such as educational research may benefit the states and school districts of the entire country, but be beyond the resources of individual school districts or even the states. The Educational Laboratories and "R and D" Centers under ESEA and the creation of the National Institute of Education exemplify this reason for federal funding. Ultimately, however, the basic reason for current Federal aid is that the day has passed when schools can be neatly labeled "local." Education has a great variety of economic and social spill-ins and spill-outs, and the costs or benefits of well or poorly educated individuals are not restricted to the locality where they receive their schooling. Americans move several times in their lives and wherever they live, they participate in the national economy and the democratic process, so that the level of citizen education is a basic national resource.

For all these reasons, programs of Federal support for education have been adopted. Some are designed to achieve their purpose through heavy

reliance upon Federal funds; others use relatively small proportions of Federal money as levers to alter or influence state and local policy. But they share two characteristics: (1) Federal aid has provided a small but strategically focused share of the total support for education in America, and taken together (2) Federal education programs have been designed to supplement state and local efforts in order to serve particular national purposes as perceived by Congress and the executive branch.

The Development of Federal Categorical Aid

These national purposes have played a part in public education since the early years of the nation's history. Legislation providing the first national aid to education--the provision of land for the building of schools or for the support of education--was passed in 1785 by the Continental Congress. Even the modern form of Federal aid, categorical programs of grants-in-aid, has a tradition stretching back more than fifty years to the Smith-Hughes Vocational Education Act of 1917. Unlike support in the form of general revenues which may be used for any legitimate purpose selected by the receiving jurisdiction, most federal aid programs are reserved for particular, specifically designated uses. This federal categorical approach--to be contrasted with general aid, which is preponderant in state aid systems--has been closely related to national events and goals.[4]

During the Depression of the 1930's the Federal government initiated programs to furnish inexpensive milk and school lunches. The Second World War and the Korean conflict brought aid to school districts called upon to educate the influx of children whose parents were attached to military bases and other Federal facilities (Impact Aid). In the late 1950's, Federal assistance grew significantly through the National Defense Education Act (NDEA), which, in the wake of Sputnik, was aimed at upgrading programs in

science, mathematics, foreign languages, and other critical areas. Then in 1965, as an aspect of the war on poverty, Congress passed the Elementary and Secondary Education Act (ESEA), with ambitious and challenging goals: heightening equality of educational opportunity by providing funds for educating children from low-income families, and improving the quality of all public education by supporting experimentation and innovation. A later amendment to this act was the Bilingual Education Act which recognized the special education needs of children with limited English-speaking ability. In 1970, Congress enacted the Emergency School Assistance Act (ESAA) designed in part to help school districts meet the problems associated with desegregation.[5]

1974 Federal Legislation Encouraging Equalization

Most recently Congress has begun to react to the problems of state educational finance. Although no major program was passed, the idea of support for equalization was enacted in the following sections of P. L. 93-380: Section 403 (a) which relates to state plans for the distribution of consolidated funds for libraries, textbooks, and equipment; Section 842 which provides Federal aid for the development of improved state equalization plans, and Section 5 (d) 2 of Title III which permits states to treat P. L. 874 funds as local revenues if states have finance formulas "designed to equalize educational expenditures."

Section 403 (a) (4) Consolidation. State Plans.

When the House General Education Subcommittee was considering consolidation provisions, it was determined to resolve a substantial distributional problem: the tendency of states to distribute discretionary aid programs in ways focusing neither on educational nor fiscal needs of school districts and pupils. Frequently the same districts benefiting from traditional state aid formulas also received the largest shares of discretionary federal programs.

The new legislative provisions require states to give priority to (1) school districts suffering from the handicaps of low tax base or (2) higher than average educational needs associated with poverty, bilingualism and sparsity (indicators which tend to identify large city and poor rural areas). While such a distributional formula does not act as a lever for shifting state and local funds, it does embody the kinds of reform goals that are components of current school finance legislation.

Section 842 Assistance to States for State Equalization Plans

The provision in P. L. 93-380 most explicit in demonstrating national concern for school finance problems is Section 842. Planning funds of between $100,000 and $1,000,000 per state were authorized to develop finance plans which would enhance equal educational opportunities within states. While appropriations for the program have not yet been included in the 1976 HEW budget, the sensitivity of Congress to the problem of state funding is apparent.

Section 5 (d) (2) of P. L. 874 Treatment of Payments by the States in Determining Eligibility for, and the Amount of, State Aid

For the last several years, P. L. 874 has carried a prohibition against the treatment of School Assistance to Federally Affected Areas (SAFA) as local revenues in state aid formulas. A small number of states have objected to this provision arguing that it works counter to their equalization plans and permits some districts to receive "windfall" funding (high state aid plus high P. L. 874 payments). After an interim provision relieved Kansas and New Mexico last year, Congress passed a permanent and general exception to the ban on treating SAFA funds as local revenues for state aid determinations. Section 5 (d) (2) provides that if a state has an equalization formula, it may treat P. L. 874 as local revenue to the extent that the formula equalizes.

In effect, such treatment would permit states to deduct the amount of a district's impacted aid from the amount of state aid the district would otherwise receive. While the technical provisions implementing these intentions require definition and even some minor revision in the legislative language to make them fully effective, they clearly indicate a legislative intent to require states to have an equitable state aid law before they may deduct SAFA payments from a district's state aid. The definition of what constitutes an equitable law, has, as might be expected, been a matter of some controversy as regulations were developed to implement the measure.

The History of Concern with General Aid to Education

While the history of federal aid has been characterized by categorical programs, some educational interest groups have long pressed for a more generalized and substantial role for federal financial aid. Since the 1920's, proponents of general aid emphasized two central points in their campaigns for increased federal aid to education: first, federal funds should be general rather than categorical in order to leave resource allocation decisions to state and local education agencies; and, second, there should be no aid to parochial schools.[6]

The interest in large-scale general aid was defused with the passage of the Elementary and Secondary Education Act (ESEA) in 1965 which doubled the absolute volume of federal aid. The categorical nature of the law sidestepped the issue of general aid.

Linking General Aid to School Finance Reform

The issue of general aid resurfaced in the 1970's as part of a government-wide emphasis on block grants characterized as special revenue sharing. While the special revenue sharing bills which finally reached Congress were basically program consolidation without new funding, the issue of general

rather than categorical aid remained at the forefront of the federal educational policy agenda. In the early 1970's, a new rationale for general aid emerged--the linking of substantial federal funding with the restructuring of state finance mechanisms. This was largely the result of three factors: (1) the increasing cost of education and the resulting strain on state and local budgets; (2) the Serrano decision and the drive to equalize resources among school districts; and (3) the Administration's interest in a proposal for massive federal aid to education in the form of real estate tax relief.[7]

The 1972 State of the Union Message proposed such a measure; the Department of Health, Education, and Welfare School Finance Task Force began working with the White House to prepare a bill; and the Senate Select Committee on Equal Educational Opportunity prepared recommendations and a bill toward the same end. However, a combination of factors again defused the issue. For one thing, staff working on proposals found the technical complexities more serious than they had anticipated and the likely costs higher than seemed feasible. Second, the report of the Advisory Commission on Intergovernmental Relations to whom the President had referred the question for study, concluded that property tax reform and school finance were state, not federal, matters.[8] Probably most important, the Supreme Court Rodriguez decision removed the stimulus for prompt action.[9] But as we shall discuss below, while the pressure for quick action has eased at the federal level, the question of a larger federal role in school finance is and will continue to be under consideration.

The Aggregate Level of Support

We shall turn shortly to a detailed analysis of the distribution of federal aid to selected states and school districts. For now, however, it is important to grasp the magnitude of overall federal spending levels and their relation to total educational support.

In recent years, the growth in federal aid to education has been both significant and erratic. From 1961-1974, aid has grown more than five-fold, from just under $760 million to over $4.2 billion for elementary and secondary education. Between 1957 and 1964 Federal education funds had almost doubled. They more than doubled again in one year (1965-66) as a result of the passage of ESEA. During the last six years, however, this growth has slowed. Furthermore, the percentage of total educational revenues rose consistently over a decade to a high of 8.8 percent in 1967-68, but has since slipped to 7.5 percent in 1973-74. (Table 1).

It is also useful to identify the magnitude of the programatic components of federal aid. The comparative importance of aid for the educationally disadvantaged is apparent in Table 2 which lists the largest federal categories.

TABLE 1

PERCENTAGES OF REVENUE RECEIVED
FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

School Year	Federal Sources	State Sources	Local Sources
1961/62	4.3%	38.7%	56.9%
1962/63	3.6[a]	39.3[a]	57.1[a]
1963/64	4.4	39.3	56.4
1964/65	3.8[a]	39.7[a]	56.5[a]
1965/66	7.9	39.1	53.0
1966/67	7.9[a]	39.1[a]	53.0[a]
1967/68	8.8	38.5	52.3
1968/69	7.4[a]	40.0[a]	52.6[a]
1969/70	7.2[a]	40.9[a]	51.8[a]
1970/71	7.2[a]	40.0[a]	52.8[a]
1971/72	8.0	40.2	51.8
1972/73	7.8	40.7	51.4
1973/74	7.5	43.0	49.5

a) NEA Research Division estimates.

Source: National Education Association.

TABLE 2

SELECTED FEDERAL PROGRAMS

Program	Outlays (Millions) 1974 Actual	1975 Estimate	1976 Estimate
Educationally Deprived Children	1,460	1,599	1,755
Emergency School Aid	205	207	122
Federally Affected Areas	599	631	371
Other ESEA	207	292	439
Occupational, Vocational, Adult	570	631	43
Education for the Handicapped	123	125	138
Library Resources	150	169	125

Source: Adapted from Special Analysis Budget of the United States Government Fiscal Year 1976 (Washington D. C.: U. S. Government Printing Office, 1975).

DISTRIBUTION OF FEDERAL AID

While national totals provide some benchmarks for understanding the importance of federal aid to education, the more important questions require an analysis which distinguishes the amounts received by particular types of jurisdictions and the different patterns of aid distribution that characterize individual federal aid programs.[10] This section of the chapter provides that analysis, and is intended to supply information to answer five categories of questions:

1. Are there consistent patterns to the distribution of federal aid to states? That is, are there some types of states which are more likely to receive higher proportions of their elementary and secondary school revenues from federal aid programs?

2. What is the relationship between federal aid allocations and state and district poverty and income?

3. Federal programs, as already noted, are categorical in design, with distributional criteria related to some type of educational need: e.g. encouraging the provision of vocational education; fostering educational innovation; providing compensatory education for the educationally disadvantaged. What differential patterns of aid distribution result among different federal programs, particularly between Title I of ESEA, the largest of the federal programs with a poverty based formula, and the others? Does the distribution differ according to whether there is more or less state discretion in the determination of aid allocations?

4. Large central cities and impoverished rural areas often have particular problems in raising revenues for education. Does federal aid tend to recognize these problems by providing added revenues to districts classified by their location?

5. Property valuation per pupil is the nearly universal measure of the capacity of school districts to raise educational revenues under state aid formulas. Is federal aid equalizing according to this traditional school finance criteria?

Each of these questions is deceptively simple to state, enormously difficult to answer because data is hard to obtain and consistent patterns are not readily apparent.

Patterns of Distribution Among the States

States differ considerably in the total amounts of per pupil federal aid they receive and in the proportion that such aid constitutes of their total per pupil educational spending. In dollar amounts, the range runs from under $60 per pupil in the seven states receiving the least aid per pupil to over $115 in the five states receiving the highest totals (Table 3). The differences in the proportion of federal aid is even more marked since some of the lowest expenditure states receive the highest amounts of aid and the highest spending states receive some of the lowest allocations. At the top of the rankings, five states receive better than fifteen percent of their educational revenues in federal aid, whereas at the bottom of the scale five states receive less than 4.5 percent.

Is there consistency to the types of states that receive high proportions of federal aid? The clearest conclusion is that states located in the

TABLE 3

PERCENTAGE AND DOLLAR AMOUNT OF TOTAL REVENUES PER PUPIL
FROM THE FEDERAL GOVERNMENT, BY STATE
1973-1974

STATE	% FEDERAL REVENUE OF TOTAL REVENUE[1]	FEDERAL REVENUE PER PUPIL[2]
Mississippi	24.5	$222
Alaska	16.8	360**
Arkansas	16.3	142
New Mexico	16.0	166
South Carolina	15.8	157
South Dakota	14.9	159
Alabama	14.4	118
Louisiana	14.0	146
Kentucky	13.8	123
Tennessee	13.1	118
West Virginia	12.5	115
Georgia	12.0	114
Idaho	11.1	107
Wyoming	11.1	126
Texas	11.0	117
North Carolina	10.5	119
Virginia	10.4	124
Maine	9.3*	92*
Oklahoma	9.3	89
North Dakota	9.1	105
Florida	8.7	98
Washington	8.7*	119*
Montana	8.5*	93*
Hawaii	8.2	119**
Utah	8.2	84
Rhode Island	8.1	107
Kansas	8.0	100
Nebraska	7.9	83
Missouri	7.6	91

Continued.....

TABLE 3

PERCENTAGE AND DOLLAR AMOUNT OF TOTAL REVENUES PER PUPIL
FROM THE FEDERAL GOVERNMENT, BY STATE
1973-1974
(Continued)

STATE	% FEDERAL REVENUE OF TOTAL REVENUE[1]	FEDERAL REVENUE PER PUPIL[2]
UNITED STATES	7.5	$101
Arizona	7.4	91
Colorado	7.3	97
Ohio	7.3	83
Pennsylvania	6.8	103
California	6.7	108
Delaware	6.6	113
Maryland	6.2	110
Nevada	6.1	74
Vermont	6.1	86
Illinois	5.9	96
New Jersey	5.7	93
Massachusetts	5.2	68
Indiana	5.1	59
Iowa	4.9	58
New York	4.9	104
Minnesota	4.7	70
Oregon	4.1	56
Michigan	4.0*	52*
Wisconsin	3.3	45
Connecticut	3.1	48
New Hampshire	3.0	32

[1] Table G-10 "Estimated Percent of Revenue of Public Elementary and Secondary Schools from the Federal Government, 1973-1974," Ranking of the States, 1974, NEA, p. 51.

[2] Derived from Table G-2 "Public-School Revenue Receipts Per Pupil in Average Daily Attendance 1973-1974," Ranking of the States, 1974, NEW, p. 48.

*NEA Research estimate.

**Reduce 30% for Alaska and 19% for Hawaii to make purchasing power comparable to figures for other areas of the United States.

southeast tend to receive high proportions of aid. They benefit from being at the right end of a double barrelled weapon: both high proportions of children in poverty (bringing high Title I funding) and a heavy concentration of military bases (qualifying them for P. L. 874 payments) contributes to their ability to attract federal aid.

A second conclusion is that major industrialized states fare poorly in the federal aid competition. All fall below the average in their proportion of federal aid, and most are clustered near the very bottom of the range.

To answer most of the questions raised about federal aid we shall employ a twelve state sample of the most recent available data which combines the 1970 Census and a USOE 1969/1970 school finance survey.[11] The states were selected to be roughly representative of the nation's geographic regions, school finance systems, demographic and socio-economic characteristics. As expected, the revenue range among the states is substantial, from $40 per pupil in Michigan to $99 in Mississippi (Table 4). When one breaks out individual federal programs, the variations among the states is even more extreme. Title I ranges from $55 per pupil in Mississippi to $10 per pupil in Washington. The significance of such variations are, of course, more important in the larger programs like Title I of ESEA and P. L. 874 than they would be in smaller ones. Table 5 shows that variation. For example, in New York 67 percent of its total federal aid is derived from ESEA Title I and 7.6 percent from P. L. 874. On the other hand, Colorado receives 47.1 percent of its federal aid entitlement through P. L. 874 and only 17.6 percent through ESEA I. Virginia with both high incidence of poverty and numerous federal installations receives relatively high proportions of both programs, 27.5 percent and 46.4 percent respectively from Title I and P. L. 874.

TABLE 4

FEDERAL AID DISTRIBUTION PER ADM

	Calif.	Colo.	Kansas	Mass.	Mich.	Miss.	N. Y.	N. Car.	Ohio	Texas	Vir.	Wash.
Total Federal Aid	56.22	64.45	62.90	42.26	40.10	98.50	46.13	75.92	51.68	58.31	90.72	58.39
Total Federal Aid as % of Instructional Expenditures	9.5	13.3	12.9	7.1	7.0	30.7	8.7	19.3	10.3	14.7	18.6	9.9
ESEA I	16.99	11.36	20.40	14.38	14.35	54.86	44.30	38.72	14.58	17.60	24.99	9.85
ESEA II	.45	.32	.47	.58	.64	.88	.82	.50	1.05	.92	.14	1.47
ESEA III	1.94	2.75	3.60	3.13	2.94	2.97	2.18	3.44	2.80	.91	2.37	1.85
NDEA III	.24	1.39	.50	1.71	.89	1.30	.91	.86	1.42	1.06	.50	----
P. L. 874	13.80	30.33	20.96	11.37	1.75	7.08	5.03	6.26	5.43	13.12	42.33	6.07
Vocational Education	2.80	1.67	.01	2.68	2.24	4.33	1.03	4.16	5.90	1.56	1.65	2.36
Miscellaneous	17.88	13.23	14.30	6.72	13.25	22.52	10.96	17.95	18.24	20.84	15.79	27.84

Source: U.S. Census - Elsigis 1970 merged data file compiled by Syracuse University Research Corporation

TABLE 5

PERCENTAGE OF FEDERAL AID RECEIVED
THROUGH TITLE I AND P. L. 874

	TITLE I as % of Total Federal Aid	PL 874 as % of Total Federal Aid
CALIFORNIA	30.2	24.4
COLORADO	17.6	47.1
KANSAS	32.4	33.3
MASSACHUSETTS	34.0	26.9
MICHIGAN	35.8	4.4
MISSISSIPPI	55.7	7.2
NEW YORK	67.0	7.6
NORTH CAROLINA	51.0	8.2
OHIO	28.2	11.4
TEXAS	30.2	22.5
VIRGINIA	27.5	46.4
WASHINGTON	16.9	10.3

Source: U.S. Census - ELSEGIS 1970 merged data file compiled by Syracuse University Research Corporation.

Poverty, Income, and Federal Aid

Education in districts with high proportions of children from impoverished families is generally considered to require more intensive and thus more costly educational services than in more typical school districts.[12] Similarly, communities with lower than average median family income are thought to require higher than average educational expenditures. Both state, and more notably, federal education laws embody aspects of this concept of compensatory education. What is the effect of such policy on federal aid allocations? We begin with one of the more widely accepted proxies for need, the number of children in a community who come from impoverished homes. In general, we find that the higher the proportion of poverty in a state, the more federal aid it receives. Table 6 shows, however, that there is variation, and that in three of the twelve states, Colorado, Kansas, and Texas the pattern does not hold.

When one examines the same question within the twelve states--that is by correlating the flow of federal aid with poverty among the school districts of each state--total federal aid flows in patterns positively related to increasing proportions of poverty pupils (Table 7). In at least half the states, the correlations are statistically significant; (that is, they appear to indicate a strong relationship) in half the correlations are moderate; but in all twelve they are positive. The more poverty, the more aid.

The table also shows another aspect of the phenomenon. Title I, as one would expect, is even more highly correlated with poverty than all federal programs taken together (although even here, Colorado appears to be an anomaly). This strong relationship controls the overall pattern of federal aid since Title I is the largest of federal programs nationally and in most states. Obviously, other federal programs do not relate positively to

TABLE 6

FEDERAL AID AND POVERTY

	Total Federal Revenue Per ADM	Index of Federal Revenue[1]	Percentage of Related Children in Poverty Families	Index of Poverty[1]
CALIFORNIA	56	.90	12.3	.88
COLORADO	64	1.12	10.9	.79
KANSAS	63	1.10	10.4	.74
MASSACHUSETTS	42	.73	8.5	.61
MICHIGAN	40	.70	9.0	.64
MISSISSIPPI	99	1.71	39.6	2.85
NEW YORK	66	1.15	12.8	.92
NORTH CAROLINA	76	1.32	23.4	1.68
OHIO	52	.88	10.6	.76
TEXAS	58	1.02	19.5	1.40
VIRGINIA	91	1 57	16.7	1.20
WASHINGTON	58	1.02	8.5	.61

[1]The index is the state amount divided by the weighted mean for 12 states.

Source: U.S. Census - ELSEGIS 1970 merged data file compiled by Syracuse University Research Corporation

TABLE 7

RELATIONSHIP BETWEEN FEDERAL AID AND POVERTY

	Total Federal Aid	Title I
CALIFORNIA	.388	.807
COLORADO	.010	.267
KANSAS	.204	.597
MASSACHUSETTS	.453	.628
MICHIGAN	.648	.731
MISSISSIPPI	.550	.776
NEW YORK	.589	.658
NORTH CAROLINA	.782	.888
OHIO	.202	.822
TEXAS	.645	.784
VIRGINIA	.314	.786
WASHINGTON	.118	.616

Source: U.S. Census - ELSEGIS 1970 merged data file compiled by Syracuse University Research Corporation

poverty, thus the lower correlations for total federal aid.

Median family income is another measure of educational need. This indicator shows that in general the lower the income in a district, the higher its aid. These negative correlations appear in all states on Table 8 with the exception of Kansas. However, the relationships are not as strong as they were with poverty. Again, in every state the association between median family income and Title I is stronger than with median family income and total federal aid.

Of the two proxies, the former is probably the more accurate indicator of economic disadvantage. This difference is most important in a district or state having a highly heterogeneous pattern of personal income distribution; median family income can represent an averaging of extreme values and fail to identify the incidence of low income in the community.

TABLE 8

RELATIONSHIP BETWEEN FEDERAL AID AND
MEDIAN FAMILY INCOME

	Total Federal Aid	Title I
CALIFORNIA	-.438	-.535
COLORADO	-.021	-.316
KANSAS	.022	-.249
MASSACHUSETTS	-.321	-.420
MICHIGAN	-.421	-.572
MISSISSIPPI	-.529	-.714
NEW YORK	-.320	-.381
NORTH CAROLINA	-.799	-.836
OHIO	-.140	-.615
TEXAS	-.562	-.714
VIRGINIA	-.136	-.764
WASHINGTON	-.142	-.562

Source: U.S. Census - ELSEGIS 1970 merged data file compiled by Syracuse University Research Corporation

Federal Aid, the Central Cities, and Rural Areas

The redistribution of population and economic activities within metropolitan regions has brought about numerous educational and fiscal problems in large city school districts. The consequences of this sorting out process has often been a deterioration of the city's tax base, higher urban education costs, problems of municipal overburden, and inadequate state responses to the problems of many central cities. Federal aid, and Title I of ESEA in particular, has been responsive to these problems, largely because the majority of central cities are characterized by increasingly large populations of children who live in poverty. Rural poverty is also widespread, and, not unexpectedly, federal aid and Title I reflect this characteristic by providing higher than average allocations in such areas.

In heavily urban states such as New York, Ohio, Massachusetts, and Michigan, federal aid has the strongest tendency to focus primarily on central cities. In states with a more mixed degree of urbanism, (Colorado, California, Kansas, Texas, Virginia) the central cities, suburban and rural areas tend to be more balanced in aid distributions. Finally, in rural states such as Mississippi, North Carolina, and Washington, the balance shifts toward rural areas (Table 9).

Among central cities there is marked differentiation in aid receipts. Albany, New York, received $189 per pupil to Jackson, Mississippi's $40. Even within states, the differentials are substantial. San Francisco receives twice as much total federal aid per ADM as Los Angeles ($102 to $51). While interstate variations are conditioned by the Title I formula which is directly related to the average per pupil expenditure level of the state, intrastate variations are more difficult to explain. However, our analysis

TABLE 9

PER PUPIL FEDERAL REVENUE BY JURISDICTION

	Title I	Discretionary Aid	Total Federal Aid
California			
CC	23	7	68
OCC	11	4	52
Rural	26	5	72
Colorado			
CC	21	8	58
OCC	6	5	49
Rural	13	9	61
Kansas			
CC	29	3	73
OCC	9	6	60
Rural	24	4	58
Massachusetts			
CC	31	15	72
OCC	7	5	29
Rural	9	11	44
Michigan			
CC	32	11	82
OCC	8	6	23
Rural	14	5	35
Mississippi			
CC	20	3	49
OCC	30	6	108
Rural	65	9	101
North Carolina			
CC	23	9	56
OCC	26	8	74
Rural	53	11	91
New York			
CC	87	8	122
OCC	12	3	19
Rural	18	4	28
Ohio			
CC	26	17	74
OCC	6	7	33
Rural	11	6	35

Continued.....

TABLE 9 (Continued)

PER PUPIL FEDERAL REVENUE BY JURISDICTION

	Title I	Other	Total Federal Aid
Texas			
CC	18	5	61
OCC	15	3	74
Rural	29	2	57
Virginia			
CC	32	5	91
OCC	14	6	72
Rural	39	11	73
Washington			
CC	16	7	68
OCC	6	7	43
Rural	16	6	99

Source: Same as footnote 10.

TABLE 10

PER PUPIL FEDERAL AID DISTRIBUTIONS FOR SAMPLED CENTRAL CITIES

	Total Federal Revenue	Total Federal Revenue as % of Total Instructional Expenditure	ESEA I as % of Total Instructional Expenditure	ESEA I	Current Expenditures	Equalization Value	Median Family Income
California							
Los Angeles	51.17	9.6	4.3	22.86	823	67279	10336
San Diego	78.92	13.0	3.2	19.22	803	42381	10220
San Francisco	102.38	10.9	3.1	29.56	1322	121942	10503
Colorado							
Colorado Springs	132.42	26.3	1.9	9.52	656	27716	8826
Denver	78.47	14.1	4.3	24.04	802	45369	9654
Pueblo	48.99	11.1	3.3	14.40	585	22612	8491
Kansas							
Topeka	39.85	7.3	3.8	20.57	695	63224	9691
Wichita	66.57	11.6	5.1	29.42	749	38550	9562
Massachusetts							
Boston	66.76	10.3	5.7	37.13	836	20215	9133
Springfield	83.31	13.3	4.7	29.67	753	18490	9612
Worcester	65.68	9.3	3.8	27.00	879	20012	10038
Michigan							
Detroit	88.63	15.4	6.0	34.45	851	17658	10045
Flint	49.48	8.0	3.2	19.75	1130	19042	10161
Grand Rapids	94.68	15.3	5.0	30.70	910	19931	9976
Mississippi							
Jackson	39.64	10.6	4.7	17.55	507	40126	8585

Continued....

TABLE 10 (Continued)

PER PUPIL FEDERAL AID DISTRIBUTIONS FOR SAMPLED CENTRAL CITIES

	Total Federal Revenue	Total Federal Revenue as T of Total Instructional Expenditure	ESEA I as % of Total Instructional Expenditure	ESEA I	Current Expenditures	Equalization Value	Median Family Income
New York							
Albany	189.01	24.9	9.7	73.36	1246	50213	9947
Buffalo	142.74	20.9	13.7	93.36	1064	27305	8804
New York City	98.13	12.7	9.6	74.26	1235	44230	9683
North Carolina							
Greensboro	39.80	8.7	2.7	12.19	604	39971	10104
Raleigh	38.93	9.2	4.1	17.10	580	73923	10096
Ohio							
Cincinnati	80.77	15.0	4.8	26.00	829	59840	9235
Cleveland	87.63	14.7	6.5	38.65	917	62988	9133
Columbus	62.11	12.2	4.4	22.71	748	45053	9646
Texas							
Dallas	32.85	7.8	3.1	13.22	542	69605	9748
Houston	30.40	7.5	3.2	13.01	519	51047	9506
San Antonio	103.70	27.7	8.9	33.25	477	23552	7026
Virginia							
Newport News	88.77	18.9	4.0	18.79	629	29649	9325
Norfolk	155.48	29.9	8.8	45.49	664	29053	7821
Richmond	94.27	17.3	8.8	48.09	759	43022	8673
Washington							
Seattle	52.22	7.5	2.0	13.76	940	36298	11034
Spokane	44.78	7.3	2.9	17.67	833	15712	9206
Tacoma	79.74	10.9	2.1	15.47	985	19599	9771

Source: Same as Table 4

strongly suggests that the relative position of the central city to its state affects the level of aid received. As Table 10 illustrates, Jackson is considerably wealthier than the Mississippi state average, while Albany is slightly poorer in income than the New York state average.

Another important characteristic about federal distributions that emerges from Table 9 is the varying pattern among programs. A number of major programs leave considerable leeway to states in determining allocation formulas. When their allocations are contrasted with Title I and total federal aid, considerably different patterns emerge vis a vis school district location. By and large the differences appear to be more in degree than direction. That is, most of the states which heavily favor urban or rural areas in Title I and total federal aid, usually favor them in their distribution of state discretionary formulas as well. However, there are four exceptions to this observation. What emerges from this table is that states may be reacting to political pressures to spread funds more evenly in discretionary programs in which federal regulations do not determine allocations as rigidly as they do in Title I of ESEA. This observation is consistent with earlier conclusions which found states utilizing their traditional state aid formulas or discriminatory program allocations as the predominant approach to distributing discretionary federal aids.

Federal Aid and Property Valuation

Most state aid formulas are designed--although imperfectly--to equalize property value differentials among school districts. As already noted, federal aid, although only partially intended to, operates to equalize income or poverty levels. Does federal aid also fill the more traditional equalization role? Table 11 shows that the distribution of federal aid when viewed in terms of property wealth does not overcome the existing wealth based

TABLE 11
TOTAL REVENUE PER PUPIL[a]
(Grouped by Property Valuation)

	California[c]	Colorado[c]	Kansas[c]	Massachusetts	Michigan[c]	Mississippi	New York	North Carolina	Ohio	Texas	Virginia	Washington[c]
1st Quintile[b]												
Total Revenue[d]	1,164	962	1,137	1,077	1,116	540	1,533	663	925	785	853	966
State & Local	1,096	909	1,089	1,045	1,082	440	1,492	606	879	727	763	870
Federal	68	53	47	32	34	100	42	57	46	58	89	96
2nd Quintile												
Total Revenue[d]	925	847	895	977	1,011	515	1,306	619	876	620	659	971
State & Local	867	797	849	950	978	409	1,257	557	840	570	602	920
Federal	57	50	47	27	33	107	49	62	36	50	57	51
3rd Quintile												
Total Revenue[d]	825	717	798	913	889	541	1,282	601	804	607	642	913
State & Local	766	671	750	880	868	429	1,252	524	751	556	576	866
Federal	60	45	48	33	21	112	30	77	54	51	67	45
4th Quintile												
Total Revenue[d]	799	740	771	946	841	520	1,177	630	739	572	647	885
State & Local	754	670	727	892	815	405	1,153	527	705	492	575	830
Federal	45	69	44	54	25	115	24	103	34	80	72	55
5th Quintile												
Total Revenue[d]	799	675	749	900	766	479	1,153	618	676	524	674	894
State & Local	726	565	628	859	744	378	1,133	509	650	436	572	816
Federal	73	110	121	41	22	101	20	109	26	87	102	78

[a] Data is for 1969-70 school year and per pupil counts are Average Daily Membership.

[b] Quintiles are arranged in descending order of property valuation and contain approximately equal numbers of ADM. Districts over 5% of tate ADM are excluded.

[c] State and local revenue does not add up to total revenue because revenues raised from intermediate sources (e.g., county taxes) are ncluded in the total.

[d] Totals are derived from non-rounded numbers therefore, state and local may not add to total because of rounding.

TABLE 11A

TOTAL REVENUE PER PUPIL
(Districts over 5% of state ADM)

	Quintile [a]	Total [b]	State & Local	Federal
CALIFORNIA [c]				
Los Angeles Unified	1st	976	925	51
COLORADO [c]				
Denver	1st	938	860	78
Colorado Springs	2nd	870	738	132
Jefferson County	3rd	781	758	23
KANSAS [c]				
Kansas City	2nd	770	660	110
Shawnee	3rd	681	658	23
Wichita	5th	887	820	67
MASSACHUSETTS				
Boston	4th	1008	941	67
MICHIGAN [c]				
Detroit	2nd	894	805	89
MISSISSIPPI				
Jackson Municipal Separate	1st	585	545	40
NEW YORK STATE				
New York City	1st	1320	1222	98
NORTH CAROLINA				
Mecklenburg County Charlotte	2nd	713	672	41
OHIO				
Cleveland	1st	1092	1004	88
TEXAS				
Dallas	1st	627	594	33
Houston	2nd	596	566	30
VIRGINIA				
Fairfax County	1st	920	772	148
Norfolk City	3rd	745	590	155
WASHINGTON [c]				
Seattle	1st	1039	987	52

[a] These districts are not included in the quintile sorting, but the quintile number indicates where their property valuation falls relative to the rest of the state.

[b] Totals are derived from non-rounded numbers therefore, state and local may not add to total because of rounding.

[c] State and local revenue include revenues raised from intermediate sources (e.g., county taxes).

disparities within states. This is not surprising since federal aid programs, with the exception of P. L. 874, have not been consciously designed to equalize property based differentials. Table 11 shows the range in the distribution of revenues by property valuation quintiles. In only six of the twelve states do districts with the least property valuation get appreciably more aid than those that are richest. In four states the district richest in valuation actually received more Federal aid than the poorest, and throughout the range the relationships are thoroughly scattered.

THE ROLE OF FEDERAL AID IN SCHOOL FINANCE REFORM

As we have just noted, federal aid distributions do not equalize values. But during the years since Serrano, a number of proposals have been advanced that would provide a new role for the federal government: a stimulus to reform. Two limited measures in this direction, enacted in 1974, were discussed earlier in this chapter. But since 1973 at least nine considerably more ambitious proposals have been introduced in Congress. While all of these bills would provide additional federal aid to education contingent upon some degree of change in existing state finance patterns, the content and comprehensiveness of the requirements vary substantially. Some provide incentives for state action; at least one proposes to pay the entire cost of reform. Some provide unrestricted general aid, and others tie assistance to a complex set of educational requirements. Several of the bills are brief, broad-brush approaches, suggesting that they were intended primarily as vehicles for future study, a rationale for holding hearings, or simply as useful evidence of the sponsor's concern with the problem of school funding. Other bills, with complex provisions and precise formulations, reflect conscientious policy development and careful legislative drafting.

Behind this diversity lies a common goal: the attempt to encourage states to adopt central themes of the school finance reform movement. The first principle of the contemporary reform movement, fiscal neutrality as formulated in the Serrano decision, is a requirement of several of these bills. For example, S. 1817 introduced by Senator Humphrey, requires that qualifying states assure that school financing "shall be a function

of the total taxable wealth of the state, and is not limited to the taxable wealth of the individual local educational agencies..."[13] Fiscal neutrality provisions are also found in S. 3797 (Bentsen), H.R. 5610 (Obey), H.R. 16 (Perkins), and S. 1537 (Pell).

A second element of the school finance reform movement aims to equalize spending within the states. Provisions to encourage intrastate equalization are contained in S. 1900 (Javits), S. 2414 (Mondale), S. 1537 (Pell), and H.R. 16 (Perkins).

A third strand in the reform literature is higher state assumption of educational cost, both to achieve a lessening of disparities in tax rates and expenditures among districts and to lessen reliance upon the local property tax. Bills aimed at these goals are prominent among the finance reform measures. S. 1900, introduced by Senator Javits, is described as "a bill to provide financial assistance to states to encourage states to assume greater financial responsibility for public elementary and secondary education..."[14]

Other bills with similar goals emphasize the shift to income from property taxes as a source of educational funding: S. 1817 (Humphrey) requires that the tax system of a qualifying state shall be "derived predominantly from state tax collections based upon the personal income of all persons resident in the state..."[15]

A fourth prominent feature of these measures is an attempt to assure that financial change will result in educational improvement as well. Thus to qualify for funding, several of these bills require that states must fulfill responsibilities such as 1) evaluating the effectiveness of educational programs,[16] 2) assessing educational needs, achievement, and services,[17] or 3) establishing and improving cost-benefit studies of educational programs and organizational alternatives.[18]

A final fiber of finance reform is the recognition of special needs of certain types of pupils, curricula, or school districts. Both in distributing federal funds to the states and in requirements placed on the manner of state distributions to local education agencies, several bills embody "need" principles. An example of the former approach is found in S. 1539 introduced by Senator Pell. Federal authorizations to states are adjusted by the "weighted per pupil income" of a state. The weightings are familiar to those who have followed the work of the National Education Finance Project. Weightings must be added to the states' average daily membership: grades 7-9 (20%); grades 10-12 (40%); and kindergarten (30%). Weightings based on mental (90%) or physical (225%) handicaps, educational deprivation (100%); or specific learning disabilities (140%) must also be added.[19]

S. 3797 introduced by Senator Bentsen in 1974 and reintroduced in 1975 by both Bentsen and Congressman Hawkins (H.R. 3240) requires that <u>state</u> formulas include need principles in order to qualify for funding.

Instead of applying a specific set of weightings or cost factors, the bill requires that:

1) a state is eligible to receive a grant under this Act only if the state educational agency provides assurance that...

2) amounts commensurate with their needs are expended on children with greater educational needs, including, but not limited to, educationally disadvantaged, gifted, talented, handicapped, and vocational education students and;

3) amounts commensurate with the education costs are expended in local educational agencies within the state with greater costs, including cost attributable to sparsity of population, and high living costs.[20]

The following chart provides a comparison of the major provisions of the proposed bills.[21]

CHART 1

COMPARISON OF MAJOR PROVISIONS

BILLS	Encourages Increased State Funding	Requires Fiscal Neutrality	Encourages Intra State Equalization	Requires SEA Recognition of Fiscal Need	Requires Recognition of Educational Needs	Encourages New Programs	Encourages Interstate Equalization	Property Tax Provisions
Bentsen		Sec. 2(b)(1)	Purpose of the bill	Must take cost into account	Children with greater needs must receive more funds			
Humphrey	3rd year payments equal 1/3 of state expenditure for education. Only states are eligible	Sec. 307(g)(2E)(iii)		Separate target expenditures for urban & non-urban areas				1) To receive funds applicant must submit plan to limit use of the property tax. 2) Relief must be provided for those on fixed income and for taxes over 5% of income 3) In third year tax system must be based on income.
Javits	10% ceiling on local expenditures by 6/30/77		1) Requires equitable distribution of revenue 2) Restructuring of school districts		1) States must develop need index for LEA distribution 2) LEA must establish methods to assess relative costs and benefits of education programs 3) LEA must report achievement results	Community schools Early childhood		State allocation encourages the use of variety of taxes

continued.....

CHART 1

COMPARISON OF MAJOR PROVISIONS, con.

BILLS	Encourages Increased State Funding	Requires Fiscal Neutrality	Encourages Intra State Equalization	Requires SEA Recognition of Fiscal Need	Requires Recognition of Educational Needs	Encourages New Programs	Encourages Interstate Equalization	Property Tax Provisions
Mondale			State plan must show reduction of disparities				Distribution formula to states takes into account number of children capacity and effort	
Huskie								1) Creates office property tax relief 2) Relief for low income individuals 3) Reform of tax administration
Obey	Incentive grants give funds for increasing state share	Sec. 7(a)(3)		State must develop cost of living index			1) In basic grants states with lower incomes receive more money 2) Basic grants also reward higher effort	1) Basic grants encourage increase in income tax 2) Incentive grants encourage increase in state share
Pell General					1) $75 extra for low income children 2) LEA must do needs assessment to receive funds (must include achievement measures			

continued.....

CHART 1

COMPARISON OF MAJOR PROVISIONS, con.

BILLS	Encourages, Increased State Funding	Requires Fiscal Neutrality	Encourages Intra State Equalization	Requires SEA Recognition of Fiscal Need	Requires Recognition of Educational Needs	Encourages New Programs	Encourages Interstate Equalization	Property Tax Provisions
Equal-ization	Payment to state based on amount of state aid	Sec. 422		State must recognize urban needs Must assure equal yield for equal effort	State must consider needs low income children		Weighted pupils used in inter-state distribution formula	State must reimburse property taxes in excess of 5% of income
Perkins Basic					1)LEA must do needs assessment to receive funds (include achievement measures			
Equal-ization		Sec. 204 (b)(1)	1) State must submit plan to reduce disparities 2) Expenditures cannot vary by more than 10%	State must spend more on schools with higher costs	2)State must spend more on children with special needs			State must reimburse property taxes in excess of 5% of income
Roybal	1) Grant consolidation 2) Incentive grants to increase state share							

Summary

Federal aid, while not a significant part of overall educational finances, exerts a considerable influence on State-local funding policies, particularly in the area of aid to the educational and economically disadvantaged.

Federal education aid, mainly because of the Title I ESEA program, flows mainly to poor States and communities, particularly hard-pressed central cities and poor rural areas. Where States can exercise discretion in allocating Federal aid, aid distributions tend to follow the general pattern of distribution contained in the basic aid formula of the State. When the State has an equalizing formula this can enhance the overall equity of a State's school finance system.

Although both State and Federal educational aid flows can be equalizing in nature, they have somewhat different distributional patterns. State aid is largely based on variations in property wealth per pupil. Federal aid, on the other hand compensates largely for variations in family income and incidence of poverty. Closer coordination of Federal and State aid distribution policy may then require more consideration of better wealth measures to assess the relative wealth or poverty of an individual school district if fiscal equalization policies are to be consistent with one another.

Federal interest in promoting and sustaining State school finance reform has temporarily peaked with the advent of the Rodriquez decision. Yet, the movement to provide intrastate school finance equalization will continue to stimulate national debate for many years to come. It will do so for several reasons. First, there are still major inequities in equal educational opportunities

on an intrastate basis. Secondly, equalizing Federal general educational aid can help both poor and rich States sustain the funding of finance reform laws after they have been passed. Finally, general aid support would move the Federal government away from the stance of providing, with the exception of Title I, marginal educational funding for programs that later become a major State-local fiscal burden and which sometimes can strain the ability of a State to adequately fund its own equalizing general aid formulae.

FOOTNOTES

1. Marilyn Gittell, Six Urban School Districts (New York: Praeger, 1968), p.124.

2. David O. Porter, David Marner, and Teddi Porter, "The Politics of Budgeting Federal Aid: Resource Mobilization by Local School Districts," A Report prepared for the SURC Policy Institute under Ford Foundation Grant No. 690-0506A, January, 1973 pp. 132-133.

3. Joel S. Berke and Michael W. Kirst, Federal Aid to Education: Who Benefits? Who Governs ? (Lexington, Mass.: D. C. Heath, 1972) pp.400-401.

4. U.S. Congress, House, Federal Educational Policies, Programs and Proposals: A Survey and Handbook. House Document 398 (Washington: GPO, 1968). Stephen Bailey and Edith Mosher, ESEA: The Office of Education Administers a Law (Syracuse: Syracuse University Press, 1968).

5. U.S. Congress. Education Amendments of 1974. Public Law 93-380. 94th Congress, 1974.

6. Bailey and Mosher, ESEA, p. 16.

7. John Jennings "Federal General Aid -- Likely or Illusory?" Journal of Law and Education, Vol. 2, No. 1, (January 1973), pp. 89-126.

8. Advisory Commission on Intergovernmental Relations, Financing School and Property Tax Relief -- A State Responsibility (Washington, D.C.: GPO, 1973).

9. San Antonio Independent School District v. Rodriguez, 411 US 1, (1973).

10. The state and substate jurisdiction, not the region or microcosm of the nation is the unit of analysis. The state is our choice because it makes the decisions on the allocation of huge sums of discretionary federal aid; it is also the jurisdiction which is legally responsible for providing education to its citizentry.

    For an example of a study employing a regional perspective see "The Flow of Federal Dollars to School Districts Which Benefit" unpublished paper produced by Assistant Secretary for Planning and Evaluation, DHEW 1975.

11. The sample is drawn from the 1969-70 ELSEGIS III B Survey of Elementary and Secondary Education. Supplemental data is derived from the 1970 Census of Population and Housing.

12. The proxy for poverty employed in this study is percent of related children in poverty families. Constructed from data in the 1970 U.S. Census of Population.

FOOTNOTES

13. Section 307(2)(E)(ii).

14. S. 1900, Section 1

15. S. 1817 Section 307(g)(2)(E)(iii).

16. S. 2414, Mondale, Section 105(a)(2)(A); S. 1539, Pell, Section 403(a)(1)(B). H.R. 16, Perkins, Section 104(a)(2)(A).

17. S. 1817, Humphrey, Section 307(a)(2)(G).

18. S. 1900, Javits, Section 6(a)(7).

19. National Education Finance Project. Status and Impact of Educational Programs, Vol. 4. (Gainesville, Florida: The Project, 1971).

20. Bentsen, S. 3797, Section 2(b).

21. For a detailed analysis of the nine proposals, see Education Policy Research Institute. "The Federal Role and Federal Strategies: Analysis of Congressional Proposals to Promote Intrastate School Finance Equity," and Education Policy Research Institute "The Distributional Effects of Alternate Federal Formulas to Promote Intrastate School Finance Equity," Washington, D. C.: Education Policy Research Institute of the Educational Testing Service, 1975. (single copies available, 1527 New Hampshire Avenue, N.W., Washington, D. C. 20036) See also. Education Commission of the States.